

AT A PUBLIC HEARING OF THE CULPEPER COUNTY BOARD OF SUPERVISORS ON THE PROPOSED FY 05-06 BUDGET, HELD IN THE BOARD ROOM LOCATED AT 302 N. MAIN STREET, ON APRIL 19, 2005.

**Board Members Present:** John F. Coates, Chairman  
Steven E. Nixon, Vice-Chairman  
Sue D. Hansohn  
James C. Lee  
Brad C. Rosenberger  
Steven L. Walker

**Board Member Absent:** William C. Chase, Jr.

**Staff Present:** Frank T. Bossio, County Administrator  
J. David Maddox, County Attorney  
Valerie H. Lamb, Finance Director  
Peggy S. Crane, Deputy Clerk

**CALL TO ORDER**

Mr. Coates, Chairman, called the meeting to order at 7:00 p.m., pursuant to the *Code of Virginia* to hear public comments regarding the proposed FY 2006 County Budget, Operating and Capital Budget, and proposed tax rates for Calendar Year 2005. He reviewed the rules of order to be followed so that the Board of Supervisors could receive the full benefit of the public's comments. He asked each speaker to state his/her name and Magisterial District and limit remarks to no more than three minutes. He stated the hearing was not intended to be a debate, and no unruly behavior would be tolerated.

Mr. Coates noted for the record that Mr. Chase was absent due to an illness in his family.

Mr. Coates asked Mr. Bossio to provide introductory comments.

Mr. Bossio acknowledged the presence of various Constitutional Officers and Councilman Chip Coleman and welcomed the audience to the 2006 Budget presentation. He indicated that the impact of growth had impacted the County, as well as the Town, in every area from schools and law enforcement to parks and recreation. He said that funding for the new high school in 2008 had been placed as an adjunct funding requirement for consideration in the FY 2006 budget. He reviewed progress that had been made in the past year in the areas of fire and rescue, with the new radio system and Emergency Operations Center, the Community Complex, and the institution of BoardDocs to provide visibility to Board meetings. He said the Boardroom would soon be upgraded so that information would be more easily available to the audience, while also increasing

the level of ADA accessibility. He stated that the County was forming a Water and Sewer Authority and moving forward to build a new sewer plant as a result of the rezoning of Clevenger's Corner. He expressed his gratitude to the County staff, Constitutional Officers, School Board, and all County's agencies for their hard work.

Mr. Bossio provided a PowerPoint presentation entitled "Team Culpeper Welcomes You to the FY 2006 Budget Presentation". He reviewed the schedule for developing the budget, beginning in November 2004, with reviews throughout the year, followed by a work session with all Departments, School Board, and outside agencies on March 15.

Mr. Bossio discussed the proposed revenues and expenditures and indicated that a large portion of the revenues was derived from property taxes and State funds for schools. He said that expenditures consisted of approximately 60 percent to school operations and debt, 21 percent to the General Fund; and smaller amounts to enterprise funds and capital projects. He stressed the importance of maintaining a balance between the General Fund and the collection of real estate and personal property taxes so that adequate funds would be available at midyear.

Mr. Bossio stated that FY 2005 budget carryovers included a new Reassessment Division in the office of the Commissioner of the Revenue, based on a Board decision to conduct in-house real estate assessments; a Risk Manager in lieu of using an insurance broker; part-time positions in the offices of the Registrar and Clerk of the Circuit Court; two new full-time positions and two new part-time positions in the Building Official's Office; and upgraded positions in the Commissioner of the Revenue's office to cover additional responsibilities.

Mr. Bossio reviewed the implications of the tax rate and explained that the goal was to have a balanced budget and zero real estate tax rate. He stated that the County had received increases in the State budget for the Constitutional Officers, which reduced the local share. He noted that the predictability in State budgeting was a positive move forward.

Mr. Bossio outlined the new position requests for Fiscal Year 2006, which included staff in the Sheriff's Office and Jail, and part-time positions for the Animal Shelter and Sports Complex, totaling approximately \$300,000. He also outlined the various areas where increases occurred such as Juvenile Detention, Buildings and Grounds, Health Department, which totaled approximately \$663,000. He said that approximately \$260,000

had been added to cover inflationary increases, and a large item in the budget was a request for an increase in the salaries and benefits for County employees. He explained that the benefit scales for County employees had not been updated for seven years, and the County would be moving toward a “pay for performance” in the future. The carryover from FY 2005 and requests for FY 2006 totaled approximately \$2.7 million.

Mr. Bossio discussed the importance of historical data in planning for the future. He reviewed the increases in the average selling price of an existing home, reassessment tax rates for the past ten years, and new residential construction permits. He said that information from the State indicated that the County was at approximately 61.3 percent of fair market value, which would indicate there would be a substantial reassessment in 2007. He pointed out that revenue adjustments would be made due to changes in land use and tax relief for the elderly and disabled.

Mr. Bossio stated that the total proposed tax rate was 16 cents for Schools, 4 cents for General County Government, and 2 cents for Law Enforcement, which totaled 22 cents or approximately \$11 million. He said there was a total one-time local funding cost of approximately \$2.7 million for CIP projects, the Airport and Carver Center; and ongoing costs from the General Fund close to \$1.9 million for the Landfill, Master Water and Sewer Plan, Department of Human Services, EOC Radio System, and Sports Complex.

Mr. Bossio explained that quality education was the number one goal for the School Board and School Superintendent. He stated that there was overcrowding in the schools due to continuous growth, and a great deal of study had been done on the issue. He said that mandated State and Federal program changes, as well as local program changes, had an effect on the education system. He said the School Board had requested a \$7.6 million increase, which included salary improvements of \$2.5 million; Virginia Retirement System – professional rate, \$184,000; health insurance, \$360,000; 31 new teaching positions, \$1.8 million; textbook fund, \$532,000; and other costs such as maintenance, operations, transportation, and supplies, \$2.2 million. He said the State/Federal revenues of approximately \$2.9 million resulted in a total local increase of more than \$4.7 million.

Mr. Bossio stated that the \$7.6 million increase in funding requests received from the School Board were all priority items. He said that the County-derived funding priorities totaled approximately \$4.9 million, consisting of new positions, VRS, health insurance

increases, employee raises, and additional utilities for the Classroom Building in the Middle, as well as property/casualty/fleet insurance and workers compensation increases. He noted that the increases due to growth estimated at \$974,168 (local cost per student at \$3,944 for the expected student increase of 247) and the increases due to fixed costs estimated at \$621,324 (VRS shortfall, health insurance increases, the property/casualty/fleet insurance and workers' compensation increases, and additional utilities for the Classroom Building in the Middle) would total approximately \$1.6 million in local funding. He listed the total local funding request of approximately \$2.8 million by category as follows: Instructional, \$1.6 million; future capital mandated by the Board for building schools, \$500,000; and \$740,000 to the CIP. He said the funding priorities totaled \$4,885,895 and subtracting \$1.6 million for local instructional increase, \$2.7 million State increase, and \$144,035 Federal increase, left unfunded approximately \$421,000. He said those unfunded priorities, and the balance of the unfunded budget of approximately \$2.7 million, totaled more than \$3 million.

Mr. Bossio explained possible courses of action to address the shortfall for the School budget would be to realize savings in the categories of teacher vacancies, utility budget excess, textbooks, extended service plan, and insurance premium saving, resulting in approximately \$2.5 million. He added that further adjustments could be made by hiring fewer teachers, but the School Board would have to decide whether to adjust that number in order to fund other priorities.

Mr. Bossio discussed the future contingent liability of \$61.8 million to cover building the new high school, \$42 million; nonconstruction costs, \$11 million; financing the Classroom Building in the Middle, \$2.3 million; offsite improvements, \$4 million; and new site work for the current high school campus, \$2.5 million. He said that County staff was recommending that bonding for the new school, the Classroom in the Middle, and related projects totaling \$61.8 million should move forward as early as possible in view of the low rates for bonds and to stretch the bonding period to 25 years. He explained that by financing with short-term bonds, an interest-only payment of \$1.5 million would be due January 2006, interest-only payments of \$2,760,000 in FY 2007 and FY 2008, and principal and interest payments of \$4,251,178 beginning in FY 2009. He compared the current interest rate of 4.5 percent for a 20-year general obligation bond and 4.98 percent

25-year general obligation bonds and stated that if the rate increases by approximately .27 basis points, it would become more expensive to borrow later rather than sooner.

Mr. Bossio pointed out that the cost of related school projects at \$61.8 million, together with the \$3.5 million the Board had already saved for peak shaving, would bring the cost down to approximately 10 cents in debt service and operational costs at build-out of approximately \$4.5 million representing 15 cents. He noted that once the new school was built, it would have to be staffed and furnished in order to achieve a viable educational space.

Mr. Bossio reported that the George Washington Carver was conducting a number of programs such as welding, beginning machine shop, and truck driving school, and as that privatization effort continued, a new era of market-driven vocational/technical training would be available for the region.

Mr. Bossio reviewed the Capital Improvement Projects, such as two major road projects at Route 729 to Route 522 Western Loop Road at \$1 million, and intersection improvements at Route 29 between Routes 643 and 718 at \$200,000, as well as approximately \$2.9 million to cover future office space needs for the County, Archive and Records Management, a Storage and Administration Center, and other projects.

Mr. Bossio reported on significant key performance indicators, with specific statistics, to illustrate the County's performance in the Treasurer's Office, the Commissioner of the Revenue's Office, the Transfer Station/Landfill, sheriff's Office, E-911, Emergency Operations Center, Emergency Services, and Animal Shelter. He noted that by separating the fire/rescue tax from the real estate tax, it provided focus and clarity on tax dollars spent on emergency services and permitted funds to be set aside for Fire and Rescue Capital.

Mr. Bossio stated that the FY 2006 budget contained \$107,547,966 in expenditures and \$111,477,022 in revenues, and was balanced with a zero tax rate. He said this provided excess revenue for the future high school and other school improvements. He pointed out that the current base tax rate was 89 cents – 82 cents base rate and 7 cents for fire/rescue and a 4-cent increase for school debt was being proposed. He stated also being proposed was a \$1 increase in the personal property tax, bringing it to \$3.50 to provide the Board with latitude to consider a combination of the rates.

Mr. Bossio explained the Integrated Financial Planning Model used by the County that included a growth planning component, a capital planning module, tax impact component, and revenue and expenditure module. He said the model identified the County's capital needs, and balanced the priority and timing of capital needs with the County's financial resources in order to determine the General Fund balance and tax rates. The data were used to project future school projects at an approximate cost of \$116 million, including the new high school, a new elementary and middle school, renovations to the current High School and Middle School, a new jail, new County Administration, and Courthouse renovations and Juvenile District Court space during the next 10 to 12 years. Bonding dates were also projected for the proposed projects. He added that some of the costs for a middle school could be mitigated by the proffers by Centex at Clevenger's Corner for a school site.

Mr. Bossio stated that tax rates were projected to the year 2016 based on a two-year assessment and a four-year reassessment. He said that the tax rates could decrease if growth was better than expected. He said the next reassessment was scheduled for 2007 and the Board would need to decide whether to go to a two-year reassessment or stay at every four years.

Mr. Bossio concluded his presentation with charts showing real estate tax rates of Fauquier and Spotsylvania Counties compared with Culpeper County and the projected General Fund Real Property Tax Revenue and projected General Fund Expenditures.

[Mr. Bossio's presentation can be viewed on the County's web site, or a copy or a CD can be obtained from the County Administration office.]

After again emphasizing comment procedures, Mr. Coates opened the public hearing to receive comments. The following citizens came forward to speak on the budget and/or the tax issues.

Mr. Wyatt Hypes, Salem District and President of the County's Education Association, spoke in support of the School Board's funding request and urged the Board to approve the 4- cent increase in real estate taxes and \$1 increase in personal property taxes in order to educate the County's children and the additional children arriving as a result of growth.

Mr. Howard Mills, Catalpa District, called the Board's attention to the *Rappahannock County Newsletter* dated April 2005, in which the Rappahannock County

budget was compared with surrounding counties. He noted that a starting teacher's salary in Rappahannock County was ranked near the bottom in the region, but ranked near the top in performance, and cited several examples to substantiate that County's success. He said that he did not think the citizens in Culpeper County were receiving full benefit from their tax dollars.

Mr. Aaron Greso, West Fairfax District, suggested that a way be found to assess his land at a higher value than his home. He provided an example of an individual's land being subdivided and the empty lot being sold for more than the value of the lot with a home. He stated that would be one way to help mitigate the impact of growth and higher taxes.

Ms. Doris Clatterbuck, Salem District, spoke first as a taxpayer and expressed her approval of increasing the personal property tax since almost everyone owned a vehicle. She

called the Board's attention to the many vehicles in the County with out-of-State tags and urged the Sheriff's Office and Town Police Department to enforce the residency laws. She then spoke as an employee of the County and expressed her concern regarding the proposed 14- percent increase requested for School employees.

Mr. Monty Saunders, East Fairfax District, stated that he approved of the consolidation of County and School services and finances in order to provide taxpayers with the least amount of duplication. He spoke in favor of protecting the County's natural resources and providing recreational facilities for children. He offered his services to assist in these endeavors.

Mr. Richard Goff, Cedar Mountain District, expressed his appreciation for Mr. Lee, who serves his District and urged him to run again for Supervisor. He stated that he was pleased to see the real estate tax increase advertised at 4 cents and the proposed one-dollar increase in personal property taxes because everyone would be contributing. He said he was also pleased to learn that the School Board and Board of Supervisors were considering consolidating areas where services were being duplicated, such as information technology and finance. He praised the School System for its work, but added that he would like to see the student dropout rate lowered.

Mr. Howard Mills, Catalpa District, expressed his appreciation for Mrs. Hansohn's service. He said as a senior citizen, he felt it was extremely important that fire and rescue

services be strengthened. He pointed out that there were no emergency services available in the County between 1:00 a.m. and 6:00 a.m., except through the Sheriff's Office. He said that consideration should be given to having more paid personnel in these areas.

Mr. Bob Abell, Jefferson District, stated that he was pleased to see that the County was engaged in long-range planning. He expressed his concern that the School System was placing more emphasis on SOL's and the "No Child Left Behind" than on the Advanced Placement Program, which was important to the County's future. He said he understood that growth was coming, but he would not like to see Culpeper County have the highest real estate tax rate in Virginia.

Ms. Debra Reid, Rappahannock Legal Services, apologized for leaving the prior Agency and Department budget hearing, but she had experienced an emergency. She said she had returned to thank the Board for considering her agency's request for funding. She reported that Rappahannock Legal Services was receiving more referrals as the growth rate increased, and noted that the poverty population was also increasing.

Mr. Don Webb, Jefferson District, stated he would like to encourage Mr. Rosenberger to announce his plans for reelection to the Board. He expressed his pleasure in hearing the term "measure of effectiveness" during the presentation, but he felt that Fairfax County should not be used as a measure. He said he believed that Rappahannock County had the best School System in the area and suggested that Culpeper use that County as a measure.

Mr. Monty Saunders, East Fairfax District, urged that School employees with the lowest salaries be provided with greater benefits. He said that incentives such as insurance benefits or recreational opportunities would be beneficial in retaining lower-level employees.

Mr. Russell Houck, Cedar Mountain District, stated he was speaking as a private citizen, not as a public school principal. He asked the Board to consider several economic implications for citizens. He noted that the County had encouraged new residents for several years by having a lower tax rate, while a higher tax rate could slow growth and allow the County to catch up. He expressed his concern regarding the personal property tax because it would have a detrimental impact on farmers and small businesses. He urged the Board to consider these issues as it made a final decision on the tax rates.



Ms. Joyce Tyree, East Fairfax District, stated she was a high school teacher and homeowner. She asked the Board to support the School budget in order to meet the needs of the education system, particularly for additional teachers.

Everyone who wanted to speak was given the opportunity to speak on all budget and tax issues. With no further comments, Mr. Coates closed the public hearings at 8:28 p.m. On behalf of the Board, he thanked the participants for coming and expressing their views.

Mr. Nixon moved, seconded by Mrs. Hansohn, to adjourn at 8:29 p.m.

Mr. Coates called for voice vote.

Ayes – Coates, Hansohn, Lee, Nixon, Rosenberger, Walker

Absent – Chase

Motion 6 to 0.

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Peggy S. Crane, CMC  
Deputy Clerk

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John F. Coates, Chairman

ATTEST:

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Frank T. Bossio  
Clerk to the Board

Approved: June 7, 2005